

# How small businesses engage with essential markets

Prepared for: Citizens Advice and  
Citizens Advice Scotland  
Prepared by: BMG Research



# About us

## Citizens Advice Service in England, Wales and Scotland

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The Citizens Advice Service provides free, confidential and impartial advice to help people resolve their problems. As the UK's largest advice provider, the Citizens Advice Service is equipped to deal with any issue, from anyone, spanning debt and employment to housing and immigration plus everything in between. We value diversity, promote equality and challenge discrimination.

The Service aims:

- to provide the advice people need for the problems they face
- to improve the policies and practices that affect people's lives.

Citizens Advice Bureaux (CAB) deliver advice services from over 3,500 community locations in England and Wales, run by 382 independent registered charities. Citizens Advice itself is also a registered charity, as well as being the membership organisation for these 382 member bureaux.

Citizens Advice Scotland, its 61 member bureaux, consumer helpline and Extra Help Unit form Scotland's largest independent advice network. CAB advice services are delivered using over 250 service points throughout Scotland, from the islands to city centres, and through our helplines. Together, the Citizens Advice Service in Scotland helped 300,000 people with nearly 1 million issues in 2013/14.

Consumer Futures transferred to Citizens Advice and Citizens Advice Scotland in April 2014 as part of the UK Government's consumer landscape changes, and is a GB-wide service.

Citizens Advice and Citizens Advice Scotland represent consumers across essential regulated markets. We are the statutory consumer advocate for energy and postal services in Great Britain and the recognised consumer representative body for water in Scotland. We use compelling evidence and expert analysis to put consumer interests at the heart of policy-making and market behaviour. We have a number of responsibilities, including unique powers to require private and public bodies to disclose information.

We tackle issues that matter to consumers, working with people and a range of different organisations to champion creative solutions that make a difference to consumers' lives.

# Introduction

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Representing the interests of small businesses is a key part of policy and advice work at Citizens Advice. As well as ensuring that the best interests of small business consumers are embedded in our policy and advocacy work in essential markets such as energy and post, the wider Citizens Advice service also plays a key role in helping small businesses and self-employed people. Around 5 per cent of clients that go to a Citizens Advice Bureau (CAB) are self-employed. The Citizens Advice consumer service advises small businesses on any consumer problems they may be experiencing, and our Extra Help Unit (based at Citizens Advice Scotland) also gives specialist help to small businesses struggling with complex energy and post problems, including debt and disconnection.

Domestic consumers and many small businesses suffer from the same time pressures and knowledge gaps, as well as a lack of information and responsive services. While small businesses often engage with markets with the same level of expertise as domestic consumers, they frequently enjoy fewer protections.

In 2014 we commissioned BMG Research to interview 2,008 small businesses across the United Kingdom in order to find out more about their experiences as consumers of essential markets. These markets were energy, water, communication and postal services (including Royal Mail and Post Office Limited).<sup>1</sup> The research provided a solid evidence base on which to grow our small business policy by helping us to understand some of the key issues that concern small business consumers as well as to provide some more information about the small business population.

It also allowed us to identify a number of specific small business types that, due to their location, structure or other factors, potentially found it more challenging to engage with essential markets. Among these groups were home-based businesses, sole traders, businesses without internet access and businesses in rural locations.

This research, carried out for Citizens Advice and Citizens Advice Scotland by BMG Research, explores the experiences of these businesses and whether their location or structure affects their experiences of essential markets. We will use the results of this, and previous research, to develop a policy report on the experiences and needs of small businesses as consumers in essential markets and to inform how Citizens Advice will best represent the interests of these consumers in our policy and advice work.

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<sup>1</sup> <https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/consumer-policy-research/the-experiences-of-small-businesses-as-consumers-in-regulated-markets/>



# **Research Report**

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**Prepared by: BMG Research**

**Date: April 2015**

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## Summary of key findings

### Introduction

This report presents the findings of research undertaken by BMG Research on behalf of Citizens Advice and Citizens Advice Scotland to explore how small businesses engage with essential markets such as energy, water, communications and financial services. The research aimed to understand more about a number of specific groups of small businesses and how they experience and approach markets, including how their circumstances influence the way they engage with these markets and make decisions.

### Methodology

In-depth telephone interviews were undertaken by BMG with 55 businesses including a combination of: sole traders; home-based businesses; businesses in rural locations; businesses that do not use the internet/do not have access to the internet; businesses that buy services via their landlord/do not have a direct relationship with one or more supplier; new businesses (up to three years old); and charities/social enterprises. The participating businesses were from a mix of nations, regions and sectors. A short literature review was also undertaken by BMG to set the context for this research.

### Key findings from the qualitative research

#### General small business consumer behaviours

Small businesses' experiences and behaviours as consumers (excluding purchasing of essential services) are wide-ranging; however, their motivations for choosing particular providers to supply them with the products and services they need are generally similar. The factors small businesses consider when choosing a supplier for products and services that are central to their operations frequently include two or more of the following:

- **Buying locally:** Small businesses feel buying locally allows them to support local business and the local economy, and provides more scope for face-to-face meetings with providers. This is a particular concern in both Scotland and rural locations.
- **Quality and fitness for purpose:** Small businesses look for a company that gives them the best product or service to meet their specific needs and requirements. In several instances overall quality is prioritised over cost.
- **Cost:** Cost and value for money are important. Many seek at least three quotes so that they can compare and get the best quality for the best cost. However, no small businesses interviewed consider cost in isolation.
- **Previous experience of working with businesses:** Previous experience of working with a company is a key factor in small businesses' decision making. The value of this is seen to be: 1) increased confidence in quality and ability to deliver; and 2) previous experience means less instruction is needed, thus saving time for the business.
- **Availability:** Where the products required are not readily available in most areas, small businesses have a limited choice of providers.

In order to ensure they receive value for money from a provider, small businesses believe they need to offer a combination of competitive costs, high-quality products and the ability to deliver against an agreed specification.

### **Use of essential markets**

Nearly all small businesses receive some form of energy, water, communications and financial services from external providers. The only exception is where a small minority of small businesses source their own water using on-site wells.

The types of providers small businesses use for these services are wide-ranging and include a combination of large nationally recognised providers, and smaller lesser-known providers.

All those interviewed who are home-based have domestic water and energy contracts while those who have specific business premises have business contracts. Those who are home-based believe their work-related water and energy usage is a very low proportion of their overall bill, and therefore do not believe that they are eligible to receive any additional benefit from having a business contract for these services. However, a percentage of their energy and water bills are allocated on their accounts as a business expense.

This pattern is mostly the same for communications (including landlines, mobile phones and the internet); however, in some cases home-based small businesses have specific internet accounts and phones for which they have business contracts, although in the case of phones this is more likely to be a mobile phone than a landline.

Small businesses also use Royal Mail and courier services for both general and specialist postage requirements. Most small businesses do not readily think of general postage (for example through Royal Mail) as a requirement, with most using emails and the phone for communication with clients. When couriers are used it is mostly sporadic and when a larger item or an item of significant value is sent.

Banks are the main type of financial service small businesses use on a regular basis (over half commented that they use these, while the remainder were not prompted on this element, so they may use the service but did not note this), while several use insurance services. A small number of small businesses also use the services of accountants.

### **Decision making**

All small businesses are aware of a range of providers for energy, communications and financial services that they can choose from and use a variety (and combination) of methods to find out more about the options available to them including: internet research; calling companies directly to speak with them; recommendations from friends and colleagues; using price comparison websites; and advice from brokers and accountants.

All but one of the small businesses in Scotland who have business contracts for water are aware that they have a choice of providers, although in many instances this is a very recent discovery as a result of marketing activities by water providers. This reflects an increasing level of awareness compared with the very low levels of awareness identified in previous research.

The factors that influence small businesses' choice in their provider of essential services are similar to those that influence their choice of suppliers for the core products they purchase, including a combination of: costs; quality/availability; experience of using the provider previously; and good customer service. Buying locally does not emerge as a strong

influencer when choosing essential market providers and in the case of energy and water (in Scotland) cost is sometimes considered in isolation in a way it is not for other core services purchased by small businesses.

Mostly small businesses are happy that they effectively engaged with essential markets while arranging their contracts, and that they received high levels of customer service during this process; although a few small businesses found in some instances that companies are more focused on developing new contracts and business than supporting existing customers. Small businesses whose landlords are responsible for their utilities contracts have also experienced some challenges as they do not deal with the provider directly and therefore do not always know what quality of deal they are receiving from their landlord.

### **Problems with provision**

Nearly half of the small businesses have not had any problems with any type of essential service they receive. However, most of these are confident that if they did have any problems then they know whom to contact to resolve this. Problems experienced mostly relate to disruption of service of some sort – in particular for energy and water services; however, these were noted to have been resolved promptly. Those in rural areas in particular have frequent disruptions and problems with their internet provision and mobile phone signals, although they often feel this is more related to their locality and not the fault of their provider – as such, these issues are more ongoing and several small businesses highlight a desire for more creative solutions to this problem such as further investment in fibre optic broadband in rural areas. Issues with financial services mostly relate to ensuring that there is a designated point of contact within a bank that can answer questions and approve decisions without further referral, which can be time-consuming.

Small businesses show willingness to change suppliers for any of the essential services where they are unhappy with their current provider, and in many instances have done this at some point in the last few years. Small businesses are most likely to have changed their providers in the communications sector, specifically internet and mobile phone providers. It is particularly notable that in Scotland, where businesses have a choice of water provider, that several small businesses have recently changed or are considering changing their water supplier. With regards to water, some small businesses in England and Wales feel that, due to the lack of choice of provider, even if they do have a bad experience they do not think there is anything they can do to address it.

Most small businesses associate the main risk of not effectively engaging with essential markets as potential loss of service (possibly as they do not have high levels of engagement with these so do not consider the cost or customer service implications that effective or non-effective engagement could have on their business); however, small businesses generally believe these interruptions are manageable if they are only for a short time (for example less than a day).

### **Context-specific influencers on engagement with essential markets**

While in many instances small businesses do not think their circumstances affect them in any way, some with specific characteristics do believe this affects their engagement.

- **Structure:** Home-based small businesses mainly have domestic contracts for essential services and as such, they do not engage with these markets from a business perspective and do not see a need for business contracts based on their current patterns

of usage. Charities and social enterprises are particularly cautious regarding costs and ensuring that they get the best value for money.

- **Rural location:** Those in more rural locations are the most likely to believe their location affects how they engage with essential markets. This particularly relates to disruptions in communications services (especially mobile phone networks and the internet) and as such, many have engaged heavily to improve their service or to change providers. Having a rural location also means providers are less likely to engage with them face to face, and this prevents some from using courier services that do not collect from their location.
- **Small businesses that purchase essential services from landlords:** Small businesses that purchase essential services through their landlords are mostly typified by an overall lack of direct engagement with the market as they deal exclusively with their landlord to negotiate costs and report service problems.
- **Business activity:** There is a view that suppliers provide a better service for higher value customers than lower value customers; however, in some cases it is apparent that this is more related to higher value customers being more likely to actively engage in discussions with providers (as a result of the contract being high cost to them) and as such, they receive a better service.

### Overall views of engagement with essential markets

Most small businesses are broadly happy with the choices they have made and with the providers they use in essential markets – in many cases this is the result of searching for deals and changing providers over time and learning from their experiences.

In order to receive value for money from providers of essential services, small businesses believe that customer service and quality are important factors, in the same way they do for the suppliers of their core business services; however, when discussing essential markets some small businesses are more likely to consider cost in isolation without discussion of quality, as they do not necessarily think that the quality would particularly vary among providers.

Most small businesses do not think that any specific essential markets are considerably better or worse than others, although this is often related to either not having experienced any problems, or general apathy and acceptance of both strengths and weaknesses in all the systems.

The markets that are most frequently seen as not working well by small businesses are: communications, due to difficulties with billing or customer service; and financial services, specifically banks, which are seen as a market that does not work well, as small businesses do not believe they are very efficient with regards to communications and responding to queries and requests.

Overall, small businesses think improvements can be made in all essential markets to the following areas:

- Customer service (specifically ensuring a high volume of well-trained advisers).
- Marketing and sales (ensuring a reduction in marketing calls that do not refer to previous discussions).
- Costs (including reduction of costs and simplifying tariffs).
- Quality (ensuring parity of services in rural and urban areas).

# 1 Introduction

## 1.1 Introduction and background

This report presents the findings from research undertaken by BMG Research on behalf of Citizens Advice and Citizens Advice Scotland (hereafter referred to as the Citizens Advice service) to explore how small businesses engage with essential markets such as energy, water, communications and financial services.

The Citizens Advice service is Great Britain's largest advice provider, offering free, confidential and impartial advice on a wide range of issues from debt and employment, to immigration and housing; available to all citizens in England, Wales and Scotland, including domestic and non-domestic consumers. The Citizens Advice consumer service helps small businesses with their consumer enquiries, while the policy division works on policy issues that affect small business consumers of regulated services such as energy, postal services and (in Scotland) water.

A large-scale quantitative research study, which was carried out by BMG Research among 2,000 small businesses earlier in 2014, has provided the Citizens Advice service with a solid evidence base on which to grow and develop its small business policy. The findings have helped to reveal some of the key issues that concern small businesses as consumers, and in particular consumers of the essential markets of energy, water, communication and postal services, as well as provided some key background information on the small business population. Consumer Futures Scotland (now part of Citizens Advice Scotland) had also recently undertaken research into awareness of water competition in Scotland among small and medium-sized enterprises (SMEs).

## 1.2 Research aims and objectives

Building on the quantitative research undertaken previously, the Citizens Advice service commissioned BMG Research to undertake further qualitative research to understand more about a number of specific groups of small businesses and how they experience and approach markets, including how their circumstances influence the way they engage and make decisions. These groups were selected on the basis that their structure or location affected the way they engaged with essential markets and include: sole traders; home-based businesses; rural businesses; businesses that do not use/have access to the internet; new businesses (up to three years old); businesses that buy their energy and/or water services from their landlord or another third party; and social enterprises/charities. Specifically the research explored:

- how they search for, and compare deals
- what barriers they experience when trying to engage with markets
- what importance they place on issues such as price, reliability, customer service, etc
- what knowledge they have of the market and how this affects their choices
- their experiences of problems and how they seek redress if things go wrong
- whether the structure, location or activity of their business affects the way they engage with markets

- perceived detriment or future risk to their business of failing to engage in markets or poorly functioning markets.

### 1.3 Methodology

#### 1.3.1 Completed interviews

In total, BMG Research undertook 55 in-depth qualitative interviews with a mix of businesses including: sole traders; home-based businesses; businesses in rural locations; businesses that do not use the internet/do not have access to the internet; businesses who buy services via their landlord/do not have a direct relationship with one or more supplier; new businesses (up to three years old); and charities/social enterprises. Interviews were conducted with the chief executive or owners of the business who had responsibility for engaging with essential markets. Among the 55 interviews, respondents were from a mix of nations, regions and sectors. Appendix 1 provides a breakdown of the numbers of interviews achieved and how the interviewees were recruited.

#### 1.3.2 Conduct of interviews

The in-depth interviews were undertaken between 19 January and 2 March 2015 by independent qualitative researchers from BMG Research. All interviews were undertaken over the telephone, and lasted between 30 and 40 minutes. At the start of the interview, small businesses were assured that any comments made or verbatim quotations used in the report would be anonymous and would not be attributed to named individuals. They were also told that the interview would be audio-recorded (unless they objected to this) and the file would be stored securely at BMG.

A topic guide for the interviews was designed by BMG, in conjunction with the Citizens Advice service, and is appended to this report (Appendix 2). The topic guide was used by BMG researchers to ensure that the interviews remained focused on the main areas of importance while creating flexibility to pursue emerging lines of enquiry.

The interviews were analysed using a thematic framework analysis approach. This approach comprised an analysis grid (in Microsoft Excel), which enabled the classification and interpretation of qualitative data. Further information on how the analysis was undertaken is provided in Appendix 3.

### 1.4 Note on the interpretation of qualitative research and data

Qualitative interviews can provide an understanding of what people think, need, want and care about – and can explore the reasons behind those views. The researcher guides the interviewee through a series of topics (agreed beforehand with the client), but in a less structured way than with a quantitative (survey) questionnaire. Findings may emerge from interviews that the researcher and client had not previously considered; these can be identified and explored.

It is the researcher's job to ensure that all of the client's questions are answered and that every interviewee has an opportunity to express his or her point of view. It is, however, important to note that in some cases due to the limited time available and to ensure a positive interview experience, the level of information it was possible to obtain on specific markets was restricted, with some interviewees preferring to discuss their consumer behaviour in general, particularly if they did not believe it differed by market area. Where



more general information was obtained, this will be highlighted throughout the report to ensure the limitations of this approach are noted.

It should also be remembered that interview participants might hold views that are based on incorrect information. It is the researcher's role to explore and report participants' perceptions, not necessarily to correct any misunderstanding or incorrect perceptions.

As a requirement of this research the team was asked to explore any differences in small businesses' views and experiences based on region, whether the business is in a rural location, type of business, whether they use the internet, whether they are a new business, whether they are a sole trader and whether or not they are home-based. Where differences were found these are explicitly stated in the report, otherwise findings are based on the full sample of small businesses, as there are no emerging differences by subgroup.

When interpreting the findings from the interviews, it is important to note that they are not based on quantitative statistical evidence. It should also be borne in mind that there is a tendency for such research to induce interviewees to express critical views. This report should be read with these notes of caution in mind.

When reporting the findings, terms such as 'several', 'some', 'many' and 'most' have been used to reflect the commonality of responses identified during the analysis process. It is important to note that where such terms have been used they refer solely to the small businesses that were interviewed, and are not therefore representative of all small businesses. Quotations have also been included in the report (in italics) to provide evidence for the views and experiences reported (both those that were more common, and those that were in the minority). It is important to stress that these quotations are verbatim and represent the views of the individual concerned. Quotations were selected for inclusion in this report on the basis that they met the following criteria:

- Where inclusion of a quote does not mean an individual is 'over-represented' in the quotes.
- Where a quote explains an issue more succinctly than could be otherwise described in the body text.
- Where a quote highlights a key issue discussed by several interviewees in a succinct and clear manner.



## 2 Review of relevant literature

A review of available literature on how small businesses engage with essential markets was conducted to further inform the design and delivery of this research. This included key policy documents and think pieces, existing research and wider literature.

A summary of the findings of this review is provided in this chapter.

### 2.1 Energy

Research that has investigated how smaller and larger businesses engage with gas and electricity suppliers found clearly polarised accounts of their experiences. Difficulties mentioned by smaller businesses include a poor or distant relationship with the supplier, perceived undervalued custom with the supplier and difficulties in negotiating a good deal, limited resource available to research alternatives and anxiety around switching. These problems are true, and even more pronounced for micro-sized businesses, whose behaviour is very similar to domestic consumers. For larger companies, which use energy brokers more and have resources available to research and buy in independent advice, the opposite is true and they feel confident with their decision-making and have a good understanding of their contracts. Although smaller businesses appear at a disadvantage when compared with larger businesses, generally research finds that they are not dissatisfied with their energy provision. Most see it as a necessity for general business running that can largely be predicted, and accounted for, as a business expense.

BMG conducted quantitative research for the Citizens Advice service in 2014, which explored experiences of small businesses as consumers in a range of markets.<sup>1</sup> It found that electricity was near universally used in business – powering lights, equipment, telecommunications and heating, but only two-fifths of small businesses reported having a gas supply. One in six small businesses dealt with their energy contracts through their landlord and the majority were happy with their suppliers. High prices were the main cause for dissatisfaction, but generally businesses did not experience problems with their gas or electricity supplier. Businesses that had shopped around for a new contract had used the internet to get information or called up companies directly; a minority had used brokers. Broadly, the larger the business, the more confident its decision-making, and the smaller the business the more similar its behaviour was to a domestic customer.

The Department for Energy and Climate Change (DECC) commissioned a report to understand how small and medium-sized businesses were engaging with energy markets and their motivations in using smart meters.<sup>2</sup> Similar to the BMG report, small businesses reported that their use of energy was simple – for heating, lighting and powering appliances – and that the cost of their energy was a planned and accounted for business expense, with only some seasonal fluctuation. Most small businesses said that they wanted accurate bills

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<sup>1</sup>[http://www.citizensadvice.org.uk/index/policy/policy\\_publications/er\\_consumertravelandtransport/the\\_experiences\\_of\\_small\\_businesses\\_as\\_consumers\\_in\\_regulated\\_markets.htm](http://www.citizensadvice.org.uk/index/policy/policy_publications/er_consumertravelandtransport/the_experiences_of_small_businesses_as_consumers_in_regulated_markets.htm)

<sup>2</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/251678/attitudes\\_smart\\_meters\\_non\\_domestic\\_sme\\_market\\_report.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/251678/attitudes_smart_meters_non_domestic_sme_market_report.pdf)

and would prefer to pay the minimum possible, but that they would only look further into a bill if it was not in line with their predictions. In this research, businesses said that they had a distant relationship with the providers of their energy and that they were happy to shop around at the end of their contract, to find the best tariff, not feeling loyal to any one provider.

In regards to switching, small businesses said that they would prefer a consultant in place of a sales representative from the energy company to speak to, who could advise them on the best deals and help them make decisions. Larger charities with a specialised focus were most likely to have spoken to an energy broker and received advice about switching; micro businesses that had considered switching were nervous and mentioned customer service as a reason, rather than seeking out a better price. In general, smaller businesses with low energy usage saw the hassle of switching to be bigger than a financial cost saving.

Insight Exchange conducted qualitative research in order to compare experiences of small and larger businesses in the energy markets and their perceptions of proposed Standards of Conduct (SoC) for energy suppliers.<sup>3</sup> Throughout the research there was a clear difference between larger companies and micro and small businesses. Micro and small businesses say they are dissatisfied or felt to be at a disadvantage in their dealings with energy suppliers, whereas larger companies felt confident making decisions. Some of the small business concern was attributed to being perceived as a less important customer to the energy supplier, meaning they had fewer grounds to negotiate, and partly it was attributed to lack of experience within the business and resource dedicated to the problem. Micro and small businesses also felt that they were unable to establish relationships with energy suppliers, which was different from other organisations they worked with, where they had good relationships and felt comfortable negotiating deals. Furthermore smaller businesses had had negative experiences of signing up to a contract that they did not fully understand. In some cases, this had led to them being tied into contracts that they simply could not afford and which were putting a burden on the business that was unsustainable.

The difference between smaller and larger energy suppliers was also reflected in their reactions to the proposed SoC for energy suppliers. Small and micro businesses thought the SoC were a good idea, especially if they encouraged transparency and quality of communication. Large businesses did not think they were necessary for them, but they did understand that smaller businesses would benefit.

In a report by Ofgem in 2012, which aimed to provide insight into how small businesses are engaging in the energy markets, there was a difference in switching behaviour between large and small businesses.<sup>4</sup> First, large businesses were more likely to have switched supplier compared with smaller businesses, and a much greater proportion of micro and small businesses have never considered switching their gas or their electricity supplier. Second, small businesses that had switched were less effective in finding out the different options available to them: they contacted fewer alternative suppliers, did not directly compare offers and did not comprehensively review their existing energy bill. This was likely to put smaller businesses at a greater risk of making less optimal switching decisions. Third,

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<sup>3</sup> <https://www.ofgem.gov.uk/ofgem-publications/39447/non-domestic-soc-report.pdf>

<sup>4</sup> <https://www.ofgem.gov.uk/ofgem-publications/39449/quantitative-research-non-domestic-customer-engagement-and-experience-energy-market.pdf>

small businesses were more likely to switch because they had been phoned, rather than proactively seeking out the alternatives. Across all sizes, businesses that reported to have switched in reaction to a phone call recalled a negative experience in switching compared with those who had planned to do so. Finally, small businesses were more likely to be dissatisfied with their overall electricity switching experience, as it was felt to be time-consuming and the information provided to them inaccurate.

## 2.2 Water

In the BMG survey in 2014, most small businesses were found to use water in a comparable manner to domestic customers.<sup>5</sup> The majority used water for solely domestic-like purposes, such as toilet facilities and drinking water for staff. One in seven (14 per cent) small businesses reported using higher volumes of water, either in the production or processing of goods, or in other types of production. The proportion of small businesses using water more intensively was higher again in Wales (17 per cent) and Scotland (17 per cent).

Small and medium-sized businesses in England and Wales do not currently have a choice of water and sewerage supplier; in these countries, the water supplier is determined in the same way as domestic customers, by region.

In April 2008, Scotland introduced a retail market for water and there are now 18 different water suppliers competing for consumer business in the non-domestic market.<sup>6</sup> Previously the entire business market share for water was provided by Business Stream, but with an increase in the number of competitors, there has been a small decrease in Business Stream's market share (98 per cent in June 2013 to 95 per cent in February 2014)<sup>7</sup>, indicating that small businesses are beginning to choose alternative providers for their water. In 2014, the Water Bill was passed<sup>8</sup>, which outlined the plans to introduce a retail market in 2017 for businesses in England and Wales as well, aiming to join up with the provision currently available in Scotland<sup>9</sup>.

In addition to implications for water providers, the introduction of competition for water providers has implications for how small businesses in England and Wales will have to behave in the now competitive market. Similar to the energy sector, businesses will have a choice available to them for a provider and they will need to arrange and choose a contract that offers the best value for money or customer service for their business.

At present, small businesses generally say that they are satisfied with their water and sewerage services. BMG found that across the whole of the UK, 90 per cent of businesses were happy with their supplier for water and only a small number (4 per cent) of businesses had reported a problem with their supply.<sup>10</sup> The main issues that were reported were

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<sup>5</sup>[http://www.citizensadvice.org.uk/index/policy/policy\\_publications/er\\_consumertravelandtransport/the\\_experiences\\_of\\_small\\_businesses\\_as\\_consumers\\_in\\_regulated\\_markets.htm](http://www.citizensadvice.org.uk/index/policy/policy_publications/er_consumertravelandtransport/the_experiences_of_small_businesses_as_consumers_in_regulated_markets.htm)

<sup>6</sup> [http://www.watercommission.co.uk/view\\_Your\\_choice\\_of\\_supplier.aspx](http://www.watercommission.co.uk/view_Your_choice_of_supplier.aspx)

<sup>7</sup> <http://www.consumerfutures.org.uk/files/2014/03/Navigating-unfamiliar-waters.pdf>

<sup>8</sup> <http://services.parliament.uk/bills/2013-14/water.html>

<sup>9</sup> <http://www.oxera.com/Oxera/media/Oxera/downloads/Agenda/Water-Bill-2013.pdf?ext=.pdf>

<sup>10</sup> See footnote 1.

interruptions to supply (54 per cent) or flooding, leaking and sewerage spillages (45 per cent).

Scottish small businesses reported slightly lower satisfaction with their water provision, at 87 per cent, compared with 91 per cent in England and 93 per cent in Wales.<sup>11</sup> BMG reasoned in the 2014 report that the lower level of satisfaction may be because Scotland currently has a choice for water providers and therefore businesses are in a position to think critically about the service they are receiving. However, this may also be related to issues such as inaccurate billing and charging which have been raised against the largest water service provider to SMEs in Scotland, Business Stream, with the Scottish Public Services Ombudsman reporting that there had been an increase in the number of complaints that had been upheld.<sup>12</sup>

The Consumer Council for Water and Ofwat (the economic regulator of the water and sewerage sectors in England and Wales) commissioned research to understand SME's experience of and, expectations for, water and sewerage services in England and Wales.<sup>13</sup> They found that businesses in England and Wales would like there to be competition for water suppliers, as over two-thirds of businesses say it would be a good thing and businesses that had larger annual bills for water (more than £2,000) were the most interested in a competitive water market.

Policy Exchange had a similar finding when it interviewed small businesses in England and Wales<sup>14</sup>; businesses in this research said that they wanted to be able to choose from at least one or two options for water.

Despite the advantages for businesses with the introduction of a competitive water market, the Federation of Small Businesses (FSB) raised concerns that the little engagement to date between consumers and water providers will mean that businesses are less equipped to make decisions on the different providers and there will be very low awareness around the benefits of switching, as businesses have not had the option to do so before.

In Scotland, where there is currently a choice, research by Consumer Futures suggests that consumer behaviour has not changed significantly since the introduction of a retail market and, as a group, small businesses are still not that engaged with the water market options.<sup>15</sup> This lack of engagement is reflected in an almost negligible level of awareness of the benefits of switching providers among SMEs, and even with the open market, most businesses have not received any customer service from their water provider beyond billing support.

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<sup>11</sup> See footnote 1.

<sup>12</sup> SPSO Water complaints Report 2013 – 14,  
<http://issuu.com/spsoc/docs/spsowatercomplaintsreport201314>

<sup>13</sup> <http://www.ccwater.org.uk/wp-content/uploads/2013/12/Understanding-the-needs-of-SMEs.pdf>

<sup>14</sup> <http://www.policyexchange.org.uk/images/publications/water%20retail%20services%20competition%20in%20england%20and%20wales%20-%20jul%2011.pdf>

<sup>15</sup> See footnote 7.

Research by the FSB in 2014<sup>16</sup> found that micro businesses were the most vulnerable to making poor decisions relating to water services as they were less likely to read the information provided by the water company, and less likely to ask for, or be offered advice on the best tariff. Micro businesses were also unlikely to agree that the supplier cared about the service or express an interest in changing suppliers.

Research by Policy Exchange<sup>17</sup> found that the perceptions of businesses in Scotland of the water market had improved since the market opened, in terms of the quality and price, and that overall businesses are pleased with their water supplier. Further to this, research by Consumer Futures Scotland noted that awareness of the market competition for water providers in Scotland has improved since the number of water providers in the market had increased, from eight in 2012 to twelve in 2013 and eighteen in 2015.

The increase in awareness among small businesses in Scotland of the retail market for water may be linked to the finding that Scottish businesses have lower levels of satisfaction and that smaller businesses are more vulnerable to contracts that are not best value for them. However, put together, this evidence should not be used as an indication that the competition in the sector has had a negative impact on service, rather it shows that more businesses are now more aware of what they are receiving and the choices that they have.

Similar to the energy sector, growing competition in the water market means that additional regulation specific for non-domestic consumers (such as monitoring of marketing activities to businesses) is needed in Scotland, and soon will be needed in England and Wales as well.

### 2.3 Communications

The use of communications services is crucial for small businesses, with research undertaken on behalf of Ofcom showing that most SMEs consider that communication services are fundamental to their business (83 per cent) and that their needs are well catered for by the communications market (85 per cent).<sup>18</sup>

The use of different types of communications services among small businesses is wide as shown in the BMG report<sup>19</sup>; 89 per cent have a fixed landline facility, 72 per cent have mobile phones and 79 per cent have a broadband internet connection. Businesses use the internet for email (83 per cent), to order stock and services (71 per cent), to manage and pay bills (71 per cent) and to compare prices for suppliers (67 per cent). The internet is increasingly important for small businesses, with a third of small businesses reporting that they would not be able to operate without the internet.

The main problems identified in the earlier research undertaken by BMG are connection issues, with the majority (92 per cent) experiencing this problem. Research by Ofcom identifies that coverage of superfast broadband lags in rural areas, which impacts on businesses' overall connectivity.<sup>20</sup> Speed and reliability were the most frequently given

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<sup>16</sup> [http://www.fsb.org.uk/policy/assets/fsb%20project\\_small\\_businesses\\_as-consumers.pdf](http://www.fsb.org.uk/policy/assets/fsb%20project_small_businesses_as-consumers.pdf)

<sup>17</sup> See footnote 12.

<sup>18</sup> [http://stakeholders.ofcom.org.uk/binaries/research/telecoms-research/sme/sme\\_research\\_report.pdf](http://stakeholders.ofcom.org.uk/binaries/research/telecoms-research/sme/sme_research_report.pdf)

<sup>19</sup> See footnote 5.

<sup>20</sup> [http://stakeholders.ofcom.org.uk/binaries/research/infrastructure/2014/IR\\_4.pdf](http://stakeholders.ofcom.org.uk/binaries/research/infrastructure/2014/IR_4.pdf)

reasons for dissatisfaction, which is a particular concern given that research conducted by the FSB shows that 14 per cent of small businesses consider this lack of connectivity to be their main barrier to growth.<sup>21</sup>

Businesses do not show great loyalty to their communications providers and in research conducted on behalf of Zen Internet, a UK internet service provider (ISP), nearly three-quarters reported that they would change their ISP if their internet connection became unreliable. However, this research also shows that small businesses do not frequently change their ISP, and over two-thirds of those who took part in the research had not changed their ISP in the last year.<sup>22</sup>

More than half the small businesses in the BMG survey (53 per cent) reported using Post Office Limited for communications; however, nearly half (49 per cent) of them had experienced poor customer service there and 47 per cent reported that they had failed to receive the promised service.

Research conducted by Consumer Futures<sup>23</sup> shows that parcel users are more generally aware of a range of different mail services and providers, and not just Royal Mail, although they mostly use Royal Mail as a 'default service'. Those who use mail only are less likely to be aware of a range of providers and mostly use Royal Mail's services alone.

## 2.4 Financial services

Research by the Competition and Markets Authority (CMA) and Financial Conduct Authority (FCA) in 2014 shows that SME banking is a high-value sector in the UK, with business current accounts (BCAs) generating over £2 billion in revenue per year, with SME business loan balances at around £90 billion.<sup>24</sup> BCAs are seen as an indispensable service to a large majority of SMEs. However, despite a high level of choice in the sector, 85 per cent of business is concentrated in the largest four providers, with this being further concentrated in Scotland. Further to this, six in ten businesses have their personal accounts in the same bank as their business account, suggesting perhaps that businesses do not always consider all their options and go with providers they know.

For some businesses, Post Office Limited is also important for providing financial services. The research conducted by BMG on behalf of Consumer Futures found that 17 per cent of small businesses that used Post Office Limited did so because there were limitations to accessing cash and banking services by other means. This was significantly more likely to be the case for those who do not use the internet (23 per cent of those who do not use the internet compared with 16 per cent of those who do) and those in rural areas (27 per cent compared with 12 per cent of those in urban areas).

Research undertaken by Accenture shows that the most important features for SMEs when choosing a bank are that the desired products and services are available, they have existing

<sup>21</sup> <http://www.fsb.org.uk/policy/assets/FSB-The-Fourth-Utility.pdf>

<sup>22</sup> <http://www.themarketresearchcompany.co.uk/SMEs-would-change-ISP-if-their-Internet-connection-became-unreliable.asp?r=1>

<sup>23</sup> <http://www.consumerfutures.org.uk/files/2014/01/The-postal-services-business1.pdf>

<sup>24</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/346931/SME-report\\_final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/346931/SME-report_final.pdf)

products with or already use the bank's services and they have a good relationship with the bank and access to the bank manager.<sup>25</sup> Of these, if businesses do not receive the desired products and services or have a good relationship with/access to the bank manager, it is more likely to make them consider leaving a bank.

There is a large volume of research into SME attitudes to and experiences of raising finance through banks, and this frequently suggests a high level of discontent with the sector, with a perception that banks will not provide finance to small businesses. As such, this can be a key influencer of satisfaction or dissatisfaction with a bank. There is official recognition of this issue as the SME current account market is currently under investigation by the CMA.<sup>26</sup> However, these elements are not within the scope of this research and as such, were not directly explored through our interviews with small businesses.

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<sup>25</sup> <http://www.accenture.com/SiteCollectionDocuments/gb-en/Accenture-Next-Generation-SME-Banking.pdf>

<sup>26</sup> <https://www.gov.uk/cma-cases/review-of-banking-for-small-and-medium-sized-businesses-smes-in-the-uk>



## 3 Research findings

### 3.1 General small business consumer behaviours

The research explored small businesses' general consumption activities including describing the types of services or products they purchase from external suppliers regularly and their motivations and decision-making processes for engaging with specific suppliers. These questions aimed to explore their wider behaviour before looking in more detail at their engagement with essential markets.

This section explores small businesses' experiences both of buying specific products/raw materials and services.

#### 3.1.1 Types of products and services purchased

Small businesses buy a range of services and products, mostly products and materials that directly contribute to the business's specific offer, for example a floristry company buys fresh flowers and a foam conversion company buys blocks of foam. A few small businesses also purchase stationary and cleaning equipment for their premises, although these are mainly mentioned by service suppliers rather than retailers or manufacturers.

#### 3.1.2 Reasons for choosing providers

In most cases the products purchased are bought from specialist manufacturers and providers. When choosing who to use, a variety of factors influence decisions, a summary of which is provided below. No single influence stands out as an overarching and dominant factor and most small businesses' decisions are based on a combination of two or more of the following:

- **Buying locally:** Purchasing goods locally is a key factor for many small businesses. This relates to both supporting local business and the local economy, and the ease of meeting these companies face to face to discuss requirements, which some feel has the end result of them receiving a better quality final product. Buying locally is a particular concern in both Scotland and rural locations, particularly as this closer proximity gives SMEs more opportunities for face-to-face access.
- **Quality and fitness for purpose:** Quality is also a key consideration for many SMEs and they look around for a supplier they feel will give them the best product or service to meet their specific needs and requirements. A few are willing to pay more if they believe they will get a better product.

*"You can go for a cheaper model, but when you actually get hold of it, it's rubbish, so it's trying to balance the two."* England, no internet usage

- **Cost:** Cost and more specifically value for money are considered to be key factors. Many SMEs look for different quotes so that they can compare costs against their requirements and aim to get the best quality for the best cost; however, they do not consider cost in isolation and other factors are always balanced against this.
- **Previous experience of working with businesses:** Related to buying locally, previous experience of working with a company can be a key factor in decision-making. Small businesses who consider this factor mainly feel that there is value in working with those



they have worked with previously as: 1) they are confident in their quality and ability to deliver; and 2) they know what is required so need less instruction, which is less time-consuming for the business.

*“A lot of the time it’s companies that we’ve dealt with for many years and we know that their customer service is good and their product is good as well. I think that is better a lot of the time than price, as far as having a company that you can rely on.”*

Scotland, sole trader

- **Availability:** A few small businesses that purchase products and services from businesses which are not located near to them reported that this is because what they require is not readily available from most areas, as they are very specialist products/services that are not widely in demand.

### 3.1.3 Value for money

Small businesses were asked what they expect to receive in order to feel that they had received good value for money from a supplier. Most small businesses either ensure the product they receive is of good quality, or that they receive good customer service, or a combination of both these factors.

*“I would expect whatever I’ve ordered to come within the time specified, and be in perfect working order, so up to the standard without a fault.”* England, rural

For a small business to feel that it has received a good quality product, several noted that they would expect the product to meet or exceed any specification they provided the supplier with, do the job for which it is intended and not exceed the original cost quoted.

For a small business to feel that it has received good customer service, a combination of factors are seen to represent this, including: prompt and friendly communication; products and services being delivered on time; and delivery of products to the required location – for example, one customer in rural Wales felt that they had not received good customer service or value for money in the past as suppliers would not deliver to their location.

### 3.1.4 Ease of arranging products and services used

Nearly all small businesses find arranging the products and services they use very straightforward and easy. Where this is the case, this is as a result of their previous experience of sourcing providers or because they have put in ‘leg-work’ over time to ensure that they are getting the best deals.

*“It’s quite straightforward. It is time-consuming but other than that that’s really the decision-making process that makes it time-consuming. We’re fairly market aware and aware of who supplies these and who doesn’t. That’s mainly down to experience, I suppose.”* England, rural

However, it should be noted that new small businesses that may not yet have had the opportunity to develop this experience and knowledge are no more likely to report challenges in arranging the products and services they require.

A few small businesses feel sourcing the primary products and services they need regularly is generally more straightforward than sourcing other types of products and services, as they are perceived as frequent and in some instances high-value clients. As such, they believe that they receive better customer service and products/services overall. However, in a few

instances, small businesses indicate that where they are not seen as a high-value or high-volume client – as they either do not use a supplier frequently, or the supplier has larger clients – they do not receive as good a customer service and experience more difficulty arranging these products and services to the times and quality they require, as the supplier does not value their business as highly.

*“If I’m buying £50,000 worth of stuff from Company A, I’ll get very few problems. If I’m spending £1,000 a year with another company, then it’s not too big a problem for them if they lose my business... so they tend to say ‘If we deliver on a Wednesday, we want payment by the following Wednesday’ or, ‘Yes, we’ll deliver, but there’s a delivery charge.’ The more you spend with a company, the nicer they are, which is understandable.”* England, no internet usage

## 3.2 Use of essential markets

Small businesses were asked to describe their usage of the four essential markets (energy, water, communications and finance), including the types of providers used and the amount of money spent on these services.

### 3.2.1 Energy

All the small businesses receive some form of energy from external providers (either gas, electricity or both). A few small businesses receive some form of energy from other means such as tanked gas, purchased oil for heating and utilising solar panels to both generate some of their own energy and to sell back to energy companies.

A wide range of energy suppliers are used from large, nationally recognised companies to smaller, more niche providers. Those who buy services via their landlord are not able to say who their supplier is as this is not an organisation they deal with directly.

Office-based companies and those who are home-based typically only use energy for heating, lighting, powering computers and printers, and powering any kitchen equipment for staff and customer refreshments. Those in the manufacturing and hospitality sectors are more likely to use higher amounts of electricity to operate machinery or cooking facilities. This level of usage is also reflected in the bills paid by small businesses, with office and home-based businesses typically paying between £100 and £150 per month (or £1,200 and £1,800 per year), and manufacturing businesses’ bills ranging between £250 and £1,650 per month (or £3,000 and £20,000 per year). It is notable that those who pay higher bills are more likely to speak of annual costs and those who pay lower bills of monthly costs. This distinction suggests that those who have higher bills more actively consider these to be intrinsic to the business and, as such, are a notable cost in their annual business planning. There is no notable difference in costs between the nations. Those who buy services via their landlord are divided in that for some the services are part of their rent while others pay an agreed additional fee on top of their rent.

All those interviewed who are home-based have domestic energy contracts while those who have business-specific premises have business contracts. Those who are home-based find it challenging to identify how much of their bill is specifically work-related; several allocate a percentage of their energy bill on their accounts as a business expense, however, few are able to comment on what percentage this is.

### 3.2.2 Water

Nearly all the small businesses interviewed receive water from external providers, while only two do not, and this is because both have wells on their properties for this use (these businesses are based in rural areas of Scotland and Wales). However, these small businesses did not comment on whether they use water providers for sewerage services.

The vast majority of small businesses use water mainly for basic staff and customer requirements such as drinks and toilet use. Water is used in larger quantities in a small number of manufacturers where specific equipment requires water (for example equipment for cutting steelwork by using high-pressure jets of water), and also in the hospitality industry where it is used for washing up and showers for guests. As such, several office-based small businesses are unsure of how much their water bills are – although many of these types of small businesses report what they consider to be low water bills of less than £30 per month. Home-based small businesses are similarly likely to report water bills of £30 or less. Those who use water in higher volumes have bills of up to £2,000 per year. Those who buy services via their landlord mostly do not know how much they are charged for water.

As with energy contracts all those interviewed who are home-based have domestic water contracts while those who have specific premises have business contracts. Those who are home-based believe that their work-related water usage is a very low proportion of their overall bill, but again a percentage of their water bill is allocated on their accounts as a business expense. However, this allocation is typically something that is decided by an accountant.

### 3.2.3 Communications

The types of communication services small businesses use include: the internet (used frequently by all but a small minority of small businesses); phones, including landlines and mobiles (used by all small businesses); and postage and courier services, including both Royal Mail and other courier companies (used by approximately one-quarter of small businesses).<sup>27</sup>

Approximately half of the small businesses that use the internet also use this contract for their phone, while the remainder have separate providers for their phone and internet services. A wide range of providers of telecommunications and internet providers are used from both large and smaller companies.

Where the phone and/or the internet are used this is typically for communicating with clients and suppliers, and receiving orders. In some cases the internet is used for further business purposes such as researching key information and issues. In one instance the phone is central to the businesses' operations as they are a call centre operation.

Typically, sole traders and those who are home-based spend less on internet and phone costs than those who are office or site-based. Those who are home-based or are sole traders have monthly costs of £40 or less while those who are office-based typically have costs of £50–£500 per month, although this ranges widely depending on the nature of the business.

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<sup>27</sup> Approximate proportions are used here to provide an indication of the scale of usage; however, it is important to note this is based on a small sample of 55 businesses only.

Those who buy utility services such as water or energy via their landlord mostly have a separate communications contract that the small business, rather than the landlord, arranges and pays for separately.

The contracts for phone and internet use held by home-based small businesses are mostly domestic in nature and they have not set up separate contracts for business use; however, a few do have specific internet accounts and phones for which they have business contracts, although in the case of phones this is more likely to be a mobile phone than a landline. Other types of small businesses that are office or site-based have business contracts for their phone (both landline and mobile) and internet use.

Those who use courier companies use a range of local couriers as well as Royal Mail for general postage needs. However, most small businesses do not readily think of general postage (for example through Royal Mail) as a requirement, with most using emails and the phone for communication with clients. In most instances when couriers are used it is sporadic and small businesses are unsure of the cost. Courier services are mostly used when a larger item or an item of significant value is being sent. In one instance the business operates a warehouse and uses couriers on a daily basis to send items to individuals. As such, they estimate that they spend over £100,000 per year on this service and mainly use one provider, but will use others if required.

### **3.2.4 Financial services**

Small businesses were asked to comment openly without prompting on what types of financial services they use and as such, not all small businesses were able to comment as some very rarely use financial services, or certain types of support did not occur to them at the time. Banks are the main type of financial service small businesses use on a regular basis (over half commented that they use banks, although it is assumed that all small businesses interviewed have a bank account), while several noted that they use insurance services. A small number of small businesses also noted that they use the services of accountants.

Use of banks is primarily related to managing company accounts and making and receiving payments. A few also noted that they access banks when they want to raise finance for growth and purchase new equipment.

Accountants are typically used to support book-keeping and end of year accounts; however, one small business also noted that it receives specialist financial services to advise on issues relating to staff pensions.

Insurance services used include insuring specific items of equipment such as machinery and cars, as well as overall company indemnity insurance.

The costs for bank services vary; some reported not being charged for bank services (although this may be a misunderstanding by those interviewed), while others are charged approximately £150 per year for this, as well as costs for usage of credits cards and overdrafts. As would be expected, costs of accountants and insurance rates vary significantly depending on the nature of the requirements.

## **3.3 Decision making**

Small businesses were asked to discuss their behaviours and decision-making processes in relation to energy, water, communications and financial services. In most instances small

businesses feel their behaviours are similar across all these areas. As such, the following section discusses these behaviours and highlights where key differences were found among essential market areas.

### **3.3.1 Awareness of available options**

#### **3.3.1.1 Energy, communications and financial services**

Each of the small businesses is aware that there are a range of providers for energy, communications and financial services from which they can choose. They use a variety of methods to find out more about the options available to them including: internet research; calling companies directly to speak with them; recommendations from friends and colleagues; and using price comparison websites (including mostly mainstream domestic comparison sites). Some small businesses use a combination of these approaches. A small number of small businesses have also taken advice and support from specialist business brokers and accountants in order to help them make decisions – in these instances, small businesses reported these individuals look into all the available options for them and make recommendations on the basis of their findings; these small businesses are mostly very happy with their choice of suppliers.

Overall, small businesses found that the level of information they had been provided with was helpful and enough to feel that they had made an informed decision. There are no apparent differences in small businesses' likelihood to be happy with the information they received based on where they got it from; however, a minority of small businesses feel that face-to-face meetings with potential providers are more beneficial than telephone conversations, as they believe that these are more efficient and they do not get 'passed around' like they would on the phone.

Most small businesses want to compare around three quotes/options before choosing a provider, and once they have done this, as well as the wider research described above, they feel they have sufficient information to make an informed decision. However, a small number of small businesses feel that as decisions often need to be made quickly, there is sometimes an element of faith and instinct when making them.

*"You get a feeling for something. We're only a small organisation here. There's only myself that has got to make the decision. It's a very quick decision-making process."*

England, rural

#### **3.3.1.2 Water**

As discussed in the literature review, in England and Wales, and for those in Scotland who have domestic contracts, there is no choice of provider for water. However, small businesses in Scotland that do have business contracts are able to select from a range of providers. All but one of the small businesses in Scotland who have business contracts for water are aware of this choice; however, several of those who are aware have only become so in recent months. This reflects an increasing level of awareness compared with the very low levels of awareness identified in the research discussed in the literature review.

Small businesses have typically become aware of the choice of providers through marketing materials from companies other than Business Stream, which state that they are a less expensive alternative, and they have subsequently looked into this.

*“We only became aware because somebody phoned us up, I never read it in the paper, and I never knew that they’d deregulated it in Scotland at all.”* Scotland, business that paid for services through its landlord

One small business found out about there being a choice as a water broker had contacted it in person and visited its office to provide advice. The broker explained the alternative options that the company could use, and it went with the one that gave the cheapest price.

### 3.3.2 Factors influencing decision making

When asked which factors affect their decision making when choosing an energy, water, communications or financial services provider, most small businesses stated that it is a combination of factors, much in the same way as when they choose suppliers for the core products they purchase. These factors include: costs; quality/availability; experience of using the provider previously; and good customer service. Buying locally does not emerge as a strong influencer when choosing essential market providers unlike when selecting providers of core products and services (although this may be related to the nature of the suppliers in essential markets, with many being regional, national and international companies). However, it should be noted that several Welsh and Scottish small businesses use former monopoly suppliers that have retained strong regional branding such as SWALEC, Scottish Power or Scottish Gas.

Interestingly in the case of energy and water (in Scotland), cost is sometimes considered in isolation in a way it is not for core services purchased by small businesses. The reason for this is that some small businesses do not think that there is a great level of difference between the suppliers for these services, either in terms of what is provided and the wider service offer.

*“If some electricity comes down the wire or the water comes down the tap, for most instances there is not a lot of difference between service levels that we would experience.”* England, home-based, rural

However, mostly – and in all markets – small businesses consider a wide variety of factors and make their decisions based on a combination of factors, usually that the service:

- is reliable and there are low levels of ‘downtime’ (this is particularly important for communications services and among rural small businesses)
- is familiar, through previous experience, so the small business is aware of the level of quality and service it will receive
- has high levels of customer service and individuals or call centres the small business can approach if needed.
- gives the small business the level of service and product it requires at a reasonable cost.

*“Customer service; not being on the phone for too long when you ring them and being able to understand the person you’re speaking to.”* Scotland, rural

Those who are home-based mostly make their decisions based upon their domestic requirements (which range widely) rather than their business requirements, as they have



domestic contracts and do not consider their business usage of these products to be particularly high.

### 3.3.3 Barriers and challenges when engaging with essential markets

Mostly small businesses are happy that they have been able to effectively engage with essential markets while arranging their contracts, and that they have received high levels of customer service during this process. It was noted by several small businesses, however, that they frequently receive marketing calls from suppliers. In most cases small businesses find these calls to be a nuisance; however, in a few cases they have prompted small businesses to change providers if the supplier has been able to offer cheaper costs.

A few small businesses feel that in some instances companies are more focused on developing new contracts and business, and that customer care has decreased the longer they have been contracted with a provider.

*“I think there’s a situation with some of these providers that once they’ve got you on a contract for a little while they forget about you to a degree.”* England, rural

Small businesses whose landlords are responsible for their contracts have also experienced some challenges as they do not deal with the provider directly and as such, are not sure exactly what their landlord is being charged and therefore what quality of deal they are receiving. Several have actively discussed this with their landlord in order to achieve better rates overall; in a few instances this has led to reduced charges, while others are still in discussions to resolve this issue.

## 3.4 Problems with provision

Small businesses were asked whether they had experienced any problems with their energy, water, communications and financial provision, and how these had been resolved. It is interesting to note that the problems reported throughout are consistent with those identified in the literature review, in that most small businesses identify problems relating to loss or interruption of service as opposed to poor customer service or wider service issues.

In some instances when this question was asked, small businesses discussed the cost of their bills, perceiving these as too high. While issues of cost may be described as a grievance rather than a problem, they are also covered in this section as they are seen as a problem by small businesses.

### 3.4.1 Problems experienced

Nearly half of the small businesses have not had any problems with any type of essential service they receive. However, most of these are confident that if they did have any problems then they would know whom to contact to resolve them. In most instances this would involve calling a customer helpline, looking online or contacting their landlord if they are a business that has paid for services through their landlord.

#### 3.4.1.1 Energy

Only a few of the small businesses interviewed have experienced problems with their energy supply or supplier. A few have experienced power cuts in more rural areas; however, they feel this is more related to the area they live in than the provider and reported that the

provider had resolved the issue quickly – although one noted it would have been a better experience if they had received more frequent updates regarding the situation.

*“They are responsive. Sometimes they’re not very good at actually updating, letting you know what’s going on. Sometimes they say, ‘Oh, the power will be back on at 3:00pm,’ and it’s not on at 3:00pm, and you ring again and, ‘It’s going to be 5:00pm.’”*  
England, rural

Small businesses that pay for their services through their landlord mostly have similar problems. However, one small business that pays for services through its landlord believed that its bill was too high for the energy it was using. As such, it had done a lot of research into how much it should be paying per unit and had discussed this with the landlord and negotiated a price that both parties were happy with, although it did find the negotiations quite difficult.

#### **3.4.1.2 Water**

Very few small businesses have had any problems with their water supply or provider and nearly all have enjoyed uninterrupted service across the three nations. One home-based small business in England had been without water for one day but this had not interrupted it excessively in the business context, while one small business in England had previously had some difficulties in paying its water bill and had contacted the supplier who had been very helpful and arranged a payment plan for the business; as such, it is very happy with how this had been resolved. In Scotland, two small businesses had undergone problems with their provider, with one having been charged for the wrong meter and another charged for services that were not required, both of which took a long time to resolve.

#### **3.4.1.3 Communications**

Approximately one-quarter of the small businesses interviewed have experienced problems with their communications, mainly relating to either their service being interrupted or low speed, or believing their bills to be too high.

One small business has tried to change ISP but its previous contract had been rolled on. As a result, it had been sent a bill for large unpaid costs, which has been taking a long time to resolve. It has found this process to be very stressful and time-consuming; as a result, it has approached Ofcom and plans to approach Trading Standards to help resolve the issue.

*“It was just making me very, very stressed. I’ve gone to Ofcom to see if I can complain and get out of the contract, but it’s so confusing. It’s Trading Standards I want to go to next, but it just takes time.”* Wales, sole trader, home-based, rural

The speed of the internet and mobile phone signal is a particular concern for those in rural areas and many have looked into ways to help improve this and had regular conversations with their providers about this issue. However, for many the result of low signal speed has been to change provider, while others have reached the conclusion that the issue is related to their area rather than the provider.

*“Other neighbours have similar problems with the connection so it may just have been the speed for the area rather than the provider.”* Scotland, rural



Several small businesses find it difficult to communicate with internet and phone service providers when they experience difficulties and have been kept on hold or in queues when they have tried by phone, making it difficult and time-consuming to resolve their problems.

*“You’re getting passed on, and on, and on... they did actually sort it out but I must have been on the phone for over an hour, being passed on to someone else, and on to someone else.”* England, rural

### **3.4.1.4 Financial services**

A few small businesses reported problems with their financial services providers. Specifically, some have had difficulties finding someone to speak to who can make relevant decisions and as such, they did not feel that they were getting the advice and support they wanted. This is a particular challenge for those small business that do not have or use the internet, so cannot access information online. This may be why BMG’s previous survey research found non-internet users to be particularly frequent users of face-to-face banking services with Post Office Limited.

*“You’re just a number, and as time has gone on, it’s got worse and worse.”* England, little or no use of the internet

One small business has had difficulties with security passwords, as a member of staff at the bank had input a date of birth incorrectly and as a result it had to resolve the issue by providing copies of a passport. However, it is happy with how the bank handled the situation and it was resolved promptly.

## **3.4.2 Changing supplier**

### **3.4.2.1 Energy**

Several small businesses have changed energy providers, either due to price (specifically that they could get a less expensive service elsewhere) or because they believed that there was deterioration in the customer service provided, although cost was mostly the key influencing factor. Some small businesses review the cost of their contract regularly (mostly annually) so that they can change if there is a preferred option elsewhere. Those who are based at home are only likely to change energy providers if they feel they can get better value domestically. A few small businesses noted that when they had looked to change provision they found their provider at the time to be very obstructive, which made the overall process of changing much more difficult and time-consuming.

*“They’ve been very obstructive. It got overcome through lots of emails backwards and forwards. The company made the excuse that it was because they had to get the approval of the previous occupants, which is a load of nonsense. It took a long time to get sorted out; it’s only recently been sorted out.”* England, rural

### **3.4.2.2 Water**

As noted previously, small businesses in England and Wales, and those in Scotland with domestic contracts, have no choice of supplier; however, among those in Scotland with business contracts five had either changed or were considering changing providers. This supports the findings in the literature review that there is increasing traction for the different water providers in Scotland. In each of the cases in which small businesses had switched their water supplier, this was due to being able to receive lower costs elsewhere.

*“They approached me and said they were cheaper, which indeed they are. So I went to them.”* Scotland, sole trader

### 3.4.2.3 Communications

Several small businesses have changed or considered changing their communications contracts for phones and the internet. The reasons for these changes mostly were related to cost and/or the reliability and quality of the service.

When choosing alternative providers most small businesses look at costs and aim to find the lowest cost for them while ensuring that they receive the package they require.

The reliability and quality of the service is a particular concern for more rural small businesses, many of which have changed providers several times. Some small businesses believe this has helped while others feel it is more related to their locality than the providers. In some cases this has led to small businesses responding creatively to get better coverage and internet speeds with many discussing the need for the government to further push fibre optic broadband, while one small business in Wales discussed using Voice over Internet Protocol (VoIP).

*“We struggle on internet, as a rural business. We can just about get 500 kilobytes. The only people who offer that are Orange, up here. We use BT for our phone lines, Orange for our internet and we have no cell-phone signal here. So, we are just about to move away from all those to a rural communications provider. So, in fact, we’re installing a satellite dish on the opposite side of the valley and we will go completely to voice-over internet technology. That will give us 48 megabytes of broadband guaranteed rather than just occasionally when the wind blows in the right direction.”*  
Wales, rural

A few small businesses also noted that when they had sought to change providers they had experienced problems with their provider at the time, including cutting off email accounts and mistakenly continuing to charge for services. In both these instances matters were escalated higher to courts and ombudsmen.

### 3.4.2.4 Financial services

Several small businesses have considered changing banks and in a few instances had done so – typically because they did not like a bank’s ethos or did not feel that they were receiving a high-quality service. However, a few small businesses had been discouraged from changing banks for a few different reasons, including feeling it was too much ‘hassle’ to change, and being charged fees for changing banks if they also had a loan with them, which they did not want to pay.

## 3.4.3 Risks associated with not effectively engaging with essential markets

When asked what they considered to be the risks of not being able to effectively engage with essential markets and receive the desired service, most small businesses discussed the implications of having a failure in the service or being cut off (although they did not think this would happen as they pay their bills on time) – so essentially, the same problems they believed would happen to their business if they did not receive energy, water, communications or financial services for a period of time. While these responses were not necessarily anticipated and further interview prompts were not provided (allowing the interviewer to identify the issues at the forefront of small businesses’ minds), what is telling is

that small businesses do not consider the cost or customer service implications that effective or non-effective engagement would have on their business. It is possible that this is because in many cases, as noted previously, small businesses do not consider essential services in the same way they do the other core products or services that their company frequently purchases.

As such, small businesses that work from home feel they would be able to respond to any loss of service by finding alternative places to work if they had no access to electricity or water, and a few suggested that they would go to nearby coffee shops or family members' homes if needed, although some of those in rural areas do not think that would be a possibility. Most, however, acknowledge that this would be a short-term solution and not something they would do every day.

Those who work in offices and the manufacturing sector feel losing water and the internet poses a bigger risk to them, as they may need to let staff go home if there is no access to food and hygiene facilities, or they would not be able to operate machinery. As such, any outages could not last for long periods of time, as this would directly affect their deadlines and income.

*"It would come to a halt, really. Particularly [if we did not have] the electricity for the ovens."* England, sole trader

However, a few manufacturers noted that all small businesses face these risks, so these interruptions can be manageable if they are only for a short time.

The main concern stated was any disruption in the telephone and internet, as this would affect how the business goes about receiving orders and engaging with its clients.

*"It would leave us very vulnerable if we were left without telephone and internet connection. We communicate with our clients, our contractors, everybody; email and internet is such an important part of our business, a) because of what we do, and b) because of where we're based. We can't just pop next door and use somebody else's telephone or internet if ours is down. We can't just, you know, pop down the road, five minutes down the road, to see our clients."* Scotland, rural

Several small businesses also believe that any disruption to banking poses a big risk to their business, as their immediate cash flow and ability to pay suppliers or receive payments from customers would be affected.

### 3.5 Context-specific influencers on engagement with essential markets

All small businesses were asked the extent to which they believe key elements relating to their businesses structure, location and business activity impact on their engagement with essential markets. While in many instances small businesses do not think their context affects them in any way, some small businesses with specific characteristics do believe this affects their engagement. The following section explores these key elements.

#### 3.5.1 Structure

Those who are home-based mostly believe that their structure affects how they engage with essential markets, in particular that the location of their businesses in their homes means they do not give a large amount of consideration to their energy, water and communications suppliers from a business perspective and are much more likely to make decisions based on

their domestic requirements. Some also believe it is 'easier' to keep their domestic contracts rather than having business-specific contracts. For the most part, many believe the majority of their energy, water and communications costs are personal and therefore their contracts need to be domestic.

*"I just decided it would be easier under my domestic contract... I'm happy with the way it's going, to be honest. I think, the proportion of electricity I use, and water that I use, doesn't warrant going down the business route."* England, sole trader, home-based, rural

A few small businesses believe that their business structure affects their engagement with essential markets as they operate from more than one site. In these instances they have different suppliers for energy, water and communications at different sites, because they have different requirements in a warehouse than in a main office (for example higher use of energy in a warehouse or greater use of the internet in an office), and therefore different suppliers can offer more appropriate solutions to these needs.

Charities or social enterprises are particularly cautious regarding costs and ensuring that they get the best value for money. One charity that purchases services through its landlord has had discussions with the landlord about ensuring a better deal for internet and phone services. These services have been successfully changed as a result and as such, the charity is currently undergoing a similar process for its energy costs.

### 3.5.2 Rural location

Those small businesses in more rural locations are the most likely to believe that their location affects how they engage with essential markets. The main concerns for those in rural locations are mobile phone signals and high-speed broadband connections as they are frequently either very slow or do not work at all. Although some small businesses believe that changing providers has been helpful in this respect, many do not think that this is a provider issue, as without the appropriate infrastructure (such as nearby satellite dishes or fibre optic broadband) the issue would be the same with any provider.

*"If we take broadband for example, the location is poor. We're right at the end of a broadband connection here so the service is slow. I can't change suppliers to improve that, I'm kind of stuck with that because of the location that I'm in."* England, sole trader, home-based, rural

These issues with the internet are a particular concern for many, as they slow down their ability to operate as a business and engage with their clients.

*"When I do events, I need to send files and I need to upload files to my website, and it does slow the workflow down, then, not having the best broadband possible."* Wales, sole trader, home-based, rural

In order to address this requirement, some small businesses would welcome further government support for increasing digital participation in more rural areas through investment in infrastructure to support superfast broadband.

Other issues encountered by rural small businesses include unwillingness by some couriers and support teams for essential markets to travel and meet them face to face. Those who engage couriers on a regular basis have to agree to certain levels of business in order to ensure that couriers will work with them.

*“The biggest problem, because we’re not in the city centre, in regard to the couriers, [is] we have to make sure that we’re putting a certain volume their way. For our main courier, it’s several thousand pounds in expenditure so they’ll come twice a day or whatever’s easiest. Some of the other couriers won’t come out unless we give them a certain amount of volume so it’s worth their while to come out.”* England, buys services via landlord, rural

One small business also finds that their rural location prevents them from going to their bank as often as they would like to get change and make deposits.

### **3.5.3 Businesses that do not use the internet**

The responses of small businesses that do not use the internet are mainly similar to those of participants overall, with very few differences noted. As such, small businesses do not particularly believe that their context affects how they engage with essential markets, as they are generally able to communicate with them using the phone and face-to-face methods. However, this may be seen as a risky approach, as in some instances providers are not willing to visit them if they also live in a more rural area. In addition, those who use the phone are also potentially likely to experience the issues noted with regards to being ‘passed around’.

### **3.5.4 Businesses that purchase essential services from landlords**

As noted throughout this report, small businesses that purchase essential services through their landlords are mostly typified by an overall lack of direct engagement with the market, as they deal exclusively with their landlord to negotiate costs and report service problems (with the exception of the communications market where they do frequently have their own direct contracts, in which case their behaviours reflect those of the small businesses interviewed overall).

This does mean that in some cases small businesses feel they may be being overcharged; however, they have been able to enter into negotiations with their landlords to reduce these charges (with varying degrees of success).

### **3.5.5 Business activity**

Typically, small businesses do not believe that their business activity particularly affects the way they engage with essential markets. However, some small businesses do not necessarily use a high volume of services in essential markets because of the nature of their business and as such, they: a) may not be as engaged with these markets as they are with some of their core suppliers (certainly some have not considered their approach to decision making in essential markets); and b) are not seen as high-value customers and therefore do not think that they would necessarily receive as good a quality of service as others.

*“When you’re a small business, I don’t think a lot of the time people are very interested in what you do really. I don’t think they sometimes think that your business is valuable enough to want to supply.”* England, rural

Small businesses that have high volumes of usage in essential markets are more likely to negotiate closely with their suppliers and be very engaged in the process. One small business that has high expenditure on energy bills asks suppliers to visit them to discuss rates face to face, while one company with high expenditure on communications has paid extra for a dedicated leased line and receives a high level of support from its provider.

The implication of this may be seen as being that providers provide a better service (both in terms of product and customer service) for higher value customers than lower value customers; however, it could be argued, based on the experiences discussed above, that this is too simplistic and that those who more actively engage in discussions (as a result of the contract being of high cost to them) are more likely to receive a better service.

### 3.6 Overall views of engagement with essential markets

#### 3.6.1 Satisfaction with choices

Most small businesses are currently happy with the choices they have made and with the providers they currently use in essential markets. However, some feel that this is after having searched for better deals and changing providers over time, and that new businesses are more likely to experience some issues with providers when they are first set up. This, however, is relatively easy to correct.

*“If you’d have rang me when I first started up, it would have been a lot different. Now I’m okay, I’m a bit more experienced in where to look and what to do and what to say, you know, to get the right deal for my business, yes.”* England, new business, low internet use

A few small businesses also feel that in order to remain satisfied it is important to regularly explore and identify alternative providers and costs. This is also important for those who pay for services through their landlord, and a few have frequent conversations with their landlords to ensure that they are getting the best price.

As noted previously, many small businesses that do not spend a large amount on essential markets do not believe that they receive a particularly good or particularly bad service from their suppliers and are merely satisfied that it ‘does the job’. With regards to water, some small businesses in England and Wales noted the lack of choice of provider so even if they did have a bad experience, they do not think that there is anything they could do to address it.

As may be anticipated, several small businesses believe that they would be more satisfied overall if the charges for essential services were lower in general; however, they feel this is a wider concern as they believe costs to be high across all providers and something that is out of their control, and are typically satisfied that they have the best available option for them in the market.

#### 3.6.2 Value for money

Small businesses were asked what they expect from essential markets so they feel like they are getting good value for money. Responses to this question are broadly similar to those discussed in relation to what they want to receive from their core suppliers to achieve value for money, in that customer service and quality are frequently mentioned; however, when discussing essential markets, some small businesses are more likely to consider cost in isolation without discussion of quality, as they do not necessarily think that the quality would particularly vary among providers.

*“Honestly, price is most important. Some companies are better than others at answering the phone. ... [but] I’ll pay less for a cheaper product and have to wait.”* Scotland, sole trader



*"I suppose it comes down to cost, especially on energy it comes down to cost."*

England, sole trader, rural

However, customer service is a key concern for many small businesses, in particular for essential markets, as they want to ensure that there are helplines available that are well-staffed and responsive. A few small businesses also have a preference for domestic call centres, as they had experienced some previous challenges when speaking with individuals with different accents.

While the small businesses interviewed mostly prefer having telephone support so that they can speak to a person, there are some that favour online support as they feel this is a simpler and more efficient method of communicating than waiting to speak with someone.

### 3.6.3 Which essential markets work well?

Small businesses were asked if they found that any of the essential markets worked particularly well or not well. Most do not think that any of the markets are considerably better or worse, and this is often related to either not having experienced any specific problems, or if they have a general apathy and acceptance of both strengths and weaknesses in all of the systems.

*"They're all much of a muchness."* England, sole trader

If small businesses feel certain markets have not worked well, it is frequently related to them having experienced problems with providers, and mostly in financial services and communications. In particular, financial services and specifically banks are mentioned as a market that does not work well, as small businesses do not believe that they are very efficient with regards to communications and responding to queries and requests.

*"I've found the banking markets can be pretty frustrating just in getting in touch with people, it takes a while sometimes to actually speak to a human being."* England, sole trader, rural

*"I was going to have a personal business manager who I could go to on start-up to talk to. However, the reality is that's a lie. You get a call centre and you get pushed off to someone who doesn't know what your business is, and that's quite frustrating, because a lot of banks will offer you a personal business manager, and they don't deliver on that. So I ended up complaining about that but getting no resolution at all."* England, sole trader, rural

If small businesses do not think the communications market works well, it is mostly because they have experienced difficulties with billing or customer service that has led them to switch to other suppliers. However, typically they are now happy with their current providers and are pleased that there is a range of options to choose from.

### 3.6.4 Improvements to essential markets

When asked what improvements they would like to see made to essential small markets, businesses have a wide range of suggestions; however, these typically relate to customer service, marketing and sales, costs and parity between services for those in rural and urban areas:

- **Customer service:** Several small businesses noted that customer service could be improved across the markets. Specific methods in which they feel this can be achieved

included ensuring high levels of staff numbers in call centres so waiting times are limited and providing better training to call centre staff so that they are not 'reading from a screen' or transferring people to different departments. A few customers also believe online methods for accessing information and support can be improved by simplifying the information available and increasing options for email queries. As mentioned earlier in the report, it was also noted by some small businesses that once they had agreed a contract and been with a company for a while, they felt that the overall level of customer service 'dropped off'.

- **Marketing and sales:** Several small businesses express discontent with how companies from the energy and communications sectors market to them and find frequent phone calls, which in some instances use what are perceived as quite aggressive sales approaches, to be frustrating. Those small businesses that brought up this issue believe companies can work on their approach in this area by improving their records relating to previous conversations. This is a particular concern for small businesses that buy services via their landlord, as they frequently receive marketing calls when they do not have a say in the decision. Some reported having had repeat calls from several companies, even when they had asked to be removed from call lists.
- **Costs:** A few small businesses feel that the issues related to costs and charging could be improved. Specific improvements mentioned include for companies to provide lower price services overall, simplify billing and tariffs, and be more transparent so that they are easier to understand, and ensure discounted rates are offered to all businesses in the same way they are with domestic contracts.
- **Parity in services in rural and urban areas:** Small businesses from rural areas want the same level and quality of services, as they perceive those in urban areas to receive. This both relates to willingness to meet face to face across all services if needed and the availability of mobile and internet.

However, several small businesses cannot think of any improvements, either because they are currently satisfied with the different systems or that they are not sure how exactly improvements can be made.



## 4 Conclusions

The following chapter summarises the conclusions of this research against the key research questions.

### 4.1 How do small businesses search for and compare deals? What knowledge do they have of the market and how does this affect their choices?

A range of approaches are used by small businesses when trying to find and compare deals for the four essential markets – and typically small businesses use a combination of these, including internet searches, exploration of price comparison websites (including those mainly known in and focused on the domestic market), phone calls and face-to-face meetings with providers. A few small businesses also use the services of brokers and accountants to help them.

Typically, small businesses find this process quite time-consuming, as they want to feel that they have all the information available to them; however, most find that comparing approximately three offers is sufficient. As a result of this process, small businesses feel that they have a good level of knowledge of the markets (including the water market in Scotland) and as such, they can make their choices in confidence. However, some small businesses also find that in order to make decisions sometimes there does need to be an element of faith, and as such, many also favour using companies that they have used before or been recommended so that they can be more certain of the quality and service they will receive. Some newer businesses did also note that as a result of some early changes to their initial providers and what they learned from this experience, they are now in a better position to make decisions relating to essential markets.

### 4.2 What barriers do small businesses experience when trying to engage with essential markets?

At the beginning of the process of engaging a provider in essential markets, small businesses report very few barriers and believe that there is sufficient information online and available directly from providers to help them make their decisions.

This access to information and support is seen to be carried through into their contracts and a high number of small businesses are confident that they know who and where to approach if they experience any problems. However, some small businesses do feel that the overall customer care does sometimes ‘drop off’ the longer they have a contract with a provider, and several have experienced long waits to speak with helplines and had been frequently ‘passed around’ between different departments before someone responded to their query or concern.

Rural small businesses have particular concerns that they are unable to meet providers face to face as some are unwilling to travel to them, and they can’t just ‘pop in’ to see their provider.

Small businesses whose landlords are responsible for their contracts also experience some challenges, as they do not deal with the provider directly and as such, are not sure exactly what their landlord is being charged and therefore what quality of deal they are receiving.

### **4.3 What importance do small businesses place on price, reliability and customer service?**

When making their decisions about which provider to use and whether to remain with them, small businesses place a high importance on price, reliability and customer service, and base their final decisions on a combination of these factors.

Price is more likely to be the leading influence for individuals when selecting energy providers and water providers (in Scotland), as they do not recognise any particular differences in the service these companies can provide.

Reliability is a key concern for those who live in rural locations as they frequently report higher levels of downtime across all essential markets than those in urban areas; however, this particularly relates to communications services, as those in rural locations do not always have good or any mobile phone or internet coverage.

Customer service is a key consideration across all essential markets, as small businesses believe that they will likely engage with their providers at some point and want them to be as responsive as possible. This is a particularly key consideration when making decisions relating to communications service.

### **4.4 What experiences of problems have small businesses had with essential markets and how have they addressed these?**

Nearly half of the small businesses have not had any problems with any type of provision they receive. However, most of these are confident that if they did have any problems, they would know whom to contact to resolve them. The problems experienced by small businesses are mostly linked to the reliability/quality of service and are usually related to the communications and finance sectors, as small businesses feel more notably affected by disruptions in these areas (indeed many – particularly those who are home-based – do not consider energy and water consumption to be business related, with the exception of any computer use).

Where small businesses had issues with the reliability/quality of their communications and financial services these are seen to be notable disruptions, as they prevent the businesses from dealing directly with their customers and receiving orders in the way they usually would. Other disruptions could potentially put operations such as manufacturing at risk, which would be challenging for a short period of time, but manageable – most small businesses were accepting that all businesses faced these risks.

Small businesses had mostly resolved these issues by engaging directly with providers, who have mainly been responsive. However, those in rural areas have wider concerns with regards to their communication services, as they do not always believe that these issues are provider related and feel more should be done to improve the connectivity in their areas.

Other problems reported included some challenges when trying to change providers, with some providers reported to be quite obstructive or making errors in invoicing, which were very stressful and time-consuming for the businesses.

#### **4.5 Does the structure, location or activity of their business affect the way they engage with markets?**

While in many instances small businesses do not think their context affects them in any way, some businesses with specific characteristics believe it does affect their engagement with essential markets.

Location is the most likely factor to affect engagement; specifically those in rural locations relate a number of challenges faced, which are not identified by those in more urban locations. Those in more rural locations frequently do not have high-quality mobile phone signals or high-speed broadband connections and as such, they experience high levels of 'downtime'. In addition, they believe that their location makes it more challenging for them to go to their bank or meet providers face to face, and sometimes providers such as couriers do not want to travel to their location.

As a result of having domestic contracts, those who are home-based mostly believe that their structure affects how they engage with essential markets, as it means that they did not give a large amount of consideration to their energy, water and communications suppliers from a business perspective.

Typically, small businesses do not believe their business activity particularly affects the way that they engage with essential markets. However, it was noted by some small businesses that as a small business that did not necessarily use a high volume of services in essential markets, they are not seen as high-value customers and therefore they do not think they would necessarily receive as good a quality of service as others, although there is evidence to suggest that this may be more intrinsically related to their lower level of engagement with their provider as a lower value customer.

#### **4.6 What is the perceived risk to their business of failing to engage in markets or poorly functioning markets?**

Small businesses almost exclusively perceive the key risks from failing to effectively engage with communications and financial services to be disruptions in or loss of service, as opposed to not receiving a high-quality service or best-value rates. The main concern is that failures in these services would prevent small businesses from dealing directly with their customers and receiving orders.

Small businesses that work from home have few concerns about failing to effectively engage with the energy or water sectors, as long if this is not a long-term issue. Small businesses that operate from offices and sites (particularly those in the manufacturing sector) are more concerned by the risks of not engaging with these services, as disruptions could lead to staff being sent home, which would halt production. However, these risks are seen as universal to businesses, a risk of 'doing business', and therefore are not seen as too concerning if encountered for short periods of time (although disruptions are still not welcomed).

## Appendix 1: Summary of research participants

The tables below outline a breakdown of the interviews undertaken (these are shown as non-interlocking, as some businesses were eligible for multiple categories, for example sole traders who were home-based).

**Table 1: Type of organisation**

Type of organisation	Number of interviews
Sole traders	22
Home-based	18
No/limited use of internet	14
Rural businesses	24
Buys services via landlord	12
New businesses	6
Social enterprises/charities	6

**Table 2: Nation**

Country	Number of interviews
England	35
Scotland	13
Wales	7

**Table 3: Sector**

Sector	Number of interviews
Production/manufacturing	30
Services	25

**Table 4: Location type**

Location type	Number of interviews
Urban	31
Rural	24

The majority of businesses were recruited via telephone by BMG's dedicated qualitative recruitment team using contacts sourced from Dun & Bradstreet for the sampling. The Dun & Bradstreet database is derived from the Inter-Departmental Business Register (IDBR), but supplemented by smaller businesses from Thomson Local Directories.

During the recruitment stage, potential respondents were provided with an outline of the research aims and objectives, and details of what the in-depth interviews would involve. Respondents were assured of the confidentiality of the research, and their permission was also sought to audio-record the interviews. All booked respondents were then sent a confirmation email prior to their appointment to confirm the full details of the interview, and to provide a senior contact at BMG for them to contact if they had any concerns or queries.

An overview of the nature of each of the interviewees consulted is provided below:

**Interviewee 1:** Sole trader, home-based, frequent internet usage, urban, Scotland, does not buy services via a landlord. The business undertakes activities relating to insurance and pension funding.

**Interviewee 2:** Sole trader, home-based, infrequent internet usage, rural, Wales, does not buy services via a landlord. The business undertakes activities relating to retail of floral arrangements.

**Interviewee 3:** Two employees, site-based, infrequent internet usage, urban, Scotland, buys services via a landlord. A social enterprise with primarily social or environmental objectives; it gives people with mental health challenges the opportunity to gain self-confidence and skills in a friendly, supportive environment.

**Interviewee 4:** Five employees, private limited company, limited by shares (LTD), office-based, frequent internet usage, rural, Scotland, does not buy services via a landlord. The business operates as a specialty welding contractor.

**Interviewee 5:** Three employees, office-based, a fair amount of internet usage, urban, England, buys services via a landlord. The business undertakes activities relating to advertising.

**Interviewee 6:** Seven employees, warehouse-based, a fair amount of internet usage, rural, England, buys services via a landlord. The business hires out commercial refrigeration.

**Interviewee 7:** Five employees, home-based, a fair amount of internet usage, rural, England, does not buy services via a landlord. Retailer of games and toys.

**Interviewee 8:** Twelve employees, office-based, a fair amount of internet usage, urban, Scotland, does not buy services via a landlord. The business undertakes activities relating to business support services.

**Interviewee 9:** Five employees, office-based, frequent internet usage, rural, England, buys services via a landlord. Provider of depot management software.

**Interviewee 10:** Twenty-three employees, office-based, frequent internet usage, rural, England, does not buy services via a landlord. Manufacturer of doors.

**Interviewee 11:** Sole trader, home-based, frequent internet usage, rural, England, does not buy services via a landlord. Provider of policing and security consultancy.

**Interviewee 12:** Sole trader, shop-based, frequent internet usage, urban, England, does not buy services via a landlord. The business undertakes activities relating to picture framing.

**Interviewee 13:** Seven employees, home-based, frequent internet usage, rural, England, new business (two years old), does not buy services via a landlord. Runs a hotel.

**Interviewee 14:** Nineteen employees, home-based, a fair amount of internet usage, rural, England, does not buy services via a landlord. Bed and breakfast.

**Interviewee 15:** Sole trader, shop-based, no internet usage, urban, England, does not buy services via a landlord. Retail sale of medical and orthopaedic goods.

**Interviewee 16:** Sole trader, home-based, frequent internet usage, rural, England, does not buy services via a landlord. The business undertakes business and/or management consultancy activities.

**Interviewee 17:** Sole proprietorship, home-based, limited internet usage, rural, Wales, does not buy services via a landlord. The business undertakes activities relating to the wholesale of coffee, tea, cocoa and/or spices.

**Interviewee 18:** Six employees, office-based, a fair amount of internet usage, rural, Scotland, does not buy services via a landlord. The business undertakes activities relating to the construction of buildings.

**Interviewee 19:** Sole trader, home-based, limited internet usage, urban, England, does not buy services via a landlord. The business undertakes activities relating to electrical installation.

**Interviewee 20:** Sole trader, home-based, frequent internet usage, urban, England, does not buy services via a landlord. Provider of translation services.

**Interviewee 21:** Sole trader, home-based, frequent internet usage, rural, England, does not buy services via a landlord. The business undertakes photographic activities.

**Interviewee 22:** Sole trader, shop-based, limited internet usage, urban, England, does not buy services via a landlord. Retailer of motor vehicle parts and accessories.

**Interviewee 23:** Five employees, office-based, frequent internet usage, rural, England, buys services via a landlord. Specialist recruitment agency.

**Interviewee 24:** Sole trader, office-based, no internet usage, rural, Scotland, does not buy services via a landlord. The business undertakes activities related to jewellery manufacturing.

**Interviewee 25:** Sole trader, home-based, limited internet usage, urban, England, does not buy services via a landlord. Cake maker and decorator.

**Interviewee 26:** Five employees, office-based, no internet usage, rural, England, does not buy services via a landlord. The business undertakes activities relating to the treatment and coating of metals.

**Interviewee 27:** Ten employees, office-based, frequent internet usage, rural, England, buys services via a landlord. The business undertakes activities related to engineering and associated technical consultancy.

**Interviewee 28:** Four employees, office-based, no internet usage, urban, England, does not buy services via a landlord. Runs a café selling traditional handmade pies with mash.

**Interviewee 29:** Sole trader, home-based, frequent internet usage, urban, England, does not buy services via a landlord. The business undertakes activities relating to research and experimental development on natural sciences or engineering.

**Interviewee 30:** Seventeen employees, office-based, a fair amount of internet usage, rural, England, buys services via a landlord. Brewer.

**Interviewee 31:** Fourteen employees, office-based, infrequent internet usage, rural, England, does not buy services via a landlord. The business undertakes architectural activities.

**Interviewee 32:** Twenty employees, office-based, regular internet usage, rural, England, does not buy services via a landlord. Provider of assistive technology.

**Interviewee 33:** Sole trader, workshop-based, a fair amount of internet usage, rural, England, buys services via a landlord. Manufacturer of furniture.

**Interviewee 34:** Two employees (partnership), home-based, frequent internet usage, rural, England, does not buy services via a landlord. The business undertakes activities relating to commercial interior design.

**Interviewee 35:** Four employees, office-based, frequent internet usage, rural, England, does not buy services via a landlord. Manufacturer of electrochemistry products.

**Interviewee 36:** Ten employees, office-based, frequent internet usage, rural, England, buys services via a landlord. The business undertakes business and management consultancy activities.

**Interviewee 37:** Two employees, office-based, limited internet usage, urban, Scotland, does not buy services via a landlord. Manufacturer of doors and windows.

**Interviewee 38:** Sole trader, home-based, a fair amount of internet usage, urban, Scotland, does not buy services via a landlord. A sign-making and engraving company.

**Interviewee 39:** Sole trader, office-based, a fair amount of internet usage, urban, Scotland, does not buy services via a landlord. Manufacturer of ceramic pots.

**Interviewee 40:** Two employees (partnership), office/workshop-based, a fair amount of internet usage, urban, Scotland, buys services via a landlord. Manufacturer of furniture.

**Interviewee 41:** Sole trader, office-based, frequent internet usage, rural, Scotland, does not buy services via a landlord. Manufacturer of pottery.

**Interviewee 42:** Three employees, office-based, frequent internet usage, rural, Scotland, does not buy services via a landlord. The business undertakes activities relating to the supply of foam to the building industry.

**Interviewee 43:** Nineteen employees, office-based, frequent internet usage, rural, England, does not buy services via a landlord. Employment and recruitment agency.

**Interviewee 44:** Sole trader, home-based, a fair amount of internet usage, rural, Wales, does not buy services via a landlord. Wedding photographer.

**Interviewee 45:** Six employees, equally home and office-based, frequent internet usage, rural, England, buys services via a landlord. The business undertakes information technology and/or computer service activities.



**Interviewee 46:** Sole trader, home-based, a fair amount of internet usage, urban, Scotland, does not buy services via a landlord. Provider of architectural services.

**Interviewee 47:** Sole trader, home-based, frequent internet usage, urban, Wales, does not buy services via a landlord. Provider of accountancy services.

**Interviewee 48:** Eight employees, home-based, frequent internet usage, rural, Wales, does not buy services via a landlord. Provider of accommodation.

**Interviewee 49:** Sole trader, not entirely home-based, frequent internet usage, rural, Wales, charity, buys services via a landlord. The business runs a food and craft market.

**Interviewee 50:** Five employees, office-based, frequent internet usage, urban, Wales, social enterprise/charity, does not buy services via a landlord. Provider of cycle training.

**Interviewee 51:** Two employees, office-based, frequent internet usage, urban, England, new business, buys services via a landlord. Provider of ICT services and solutions.

**Interviewee 52:** Four employees, office-based, infrequent internet usage, rural, England, new business, does not buy services via a landlord. The business undertakes activities related to supplying foam.

**Interviewee 53:** Six employees, office-based, frequent internet usage, urban, England, new business, does not buy services via a landlord. Publisher of a magazine.

**Interviewee 54:** Ten employees, office-based, infrequent internet usage, urban, Wales, social enterprise, does not buy services via a landlord. A financial cooperative providing savings and loans.

**Interviewee 55:** Sole trader, home-based, frequent internet usage, urban, England, new business, does not buy services via a landlord. Provider of information security management systems and consultancy.

## Appendix 2: Topic guide

### Introduction and briefing (5 minutes)

#### Introductions:

- Moderator to introduce themselves and BMG Research.
- Thank them for agreeing to take part in the discussion.

**Overview of the research:** This research has been commissioned by the Citizens Advice service to understand more about small businesses and how they experience and approach essential markets (including energy, water, communications and financial services), including their understanding of the choices available to them, and how their circumstances influence the way they engage in and make decisions.

**Confidentiality:** All information you provide will be treated confidentially unless otherwise agreed with you. We will not identify any individuals or disclose the personal details of those who take part in our report. I am independent: I do not work for the Citizens Advice service. Your responses will be treated in the strictest confidence as observed by standards determined by the Market Research Society.

- Views stated are not attributable to individuals in our report and the more open and honest you can be the better.
- Quotes from the discussions may be used in the research report as a way of bringing the findings to life. However these quotes would not identify any individual. This is in line with the Market Research Society Code of Conduct.
- There are no right or wrong answers: it's just your views or opinions that count.
- We would like your permission to share a copy of your full interview transcript with the Citizens Advice service. This will only be used to quality assure the research undertaken to ensure analysis is fully transparent. INTERVIEWER TO NOTE AND LOG YES OR NO.

**Recording:** We would like to audio-record the discussion for the purposes of accurately capturing all the information you share with us. The audio will be used for analysis purposes only and will not be shared with anyone outside of BMG Research.

***Provide opportunity for respondent to ask any questions.***

***Seek permission to audio-record. Switch microphone on. Once switched on, confirm that the audio-recorder is on for the benefit of the tape.***

## Notes for the interviewer

These interviews are expected to last approximately 30–40 minutes in duration and will be organised at a time convenient for the interviewee.

This interview is to be undertaken in an open ended way to allow the researcher to capture information key to the research while enabling flexibility to pursue lines of enquiry based on interviewees' responses.

The topic guide is structured to cover the key issues and views by each market area – if the interviewee feels there is any duplication then assure them that all questions being asked are to confirm we understand their views on each market area to ensure nothing is 'assumed'.

Respondents may be from England, Wales or Scotland and as such, the policy and access to different market areas, in particular in water, are different. Wherever possible during these interviews the moderator should explore any key differences by country.

Moderator to rotate the order with which market areas are explored to ensure that all are covered and any challenges relating to respondent fatigue are reduced.

## Warm-up

**Moderator to ask respondent to introduce themselves.**

- Can you tell me a bit about yourself:
  - First name.
  - Role in business (should be user/purchaser of essential services).
- Can you start by telling me a little bit about your business, the sorts of products/services you provide, how many staff you have and where you are located?

**Moderator to take note of whether respondent meets the recruitment criteria – in addition to other information gained during the discussion, this will be required to complete the respondent validation section on the depth diary.**

## User behaviours

### General behaviours

- What types of resources and services do you as a business currently purchase from external sources?
- What types of organisation do you buy these products from?
- How do you choose which organisations you want to work with in this way? What is most important to you?
- What would you expect to receive to get value for money from a supplier?
- How easy or difficult is it to arrange these services? Why do you say that?

### **Specific behaviours relating to essential market areas**

*If not mentioned previously:*

**READ OUT: SOME KEY SERVICES/PRODUCTS THAT BUSINESSES PURCHASE INCLUDE ENERGY, WATER, COMMUNICATIONS AND FINANCIAL SERVICES.**

- As a business do you use any of these? Which ones?
- What types of things do you use these products for? How frequently is this?
- How much would you say you spend on average on these services (can be weekly, monthly, annually dependent on respondent knowledge/preference)? **INTERVIEWER TO PROBE FOR EACH MARKET AREA**
- To what extent and how do you think your businesses location and premises arrangement impact on the way in which you use these services? **INTERVIEWER TO PROBE FOR EACH MARKET AREA**

### **Specific decision making and usage – non-water products**

- How did you find out about the different options that were available to you for choosing a supplier for these services? **INTERVIEWER TO PROBE FOR EACH MARKET AREA**
  - What types of information did you access?
  - How, if at all, were these helpful to you?
  - Did you use any price comparisons and what was your experience of this?
- Can you talk me through your decision-making process for selecting a supplier? What factors were important to you? Which of these were the most or conversely the least important to you and why? For example price, reliability, customer service. **INTERVIEWER TO PROBE FOR EACH MARKET AREA**
- Did you experience any barriers or challenges when trying to engage with the relevant providers? What were these and how, if at all, were they overcome?
- At what point did you decide you had enough information to make your decision? Why was this? **INTERVIEWER TO PROBE FOR EACH MARKET AREA**
- To what extent were you confident you had sufficient knowledge of what was available in this market to be able to make your decision? What do you think the impact of this was on your eventual decision? **INTERVIEWER TO PROBE FOR EACH MARKET AREA**
- What type of contract did you choose, for example a domestic or a business contract? **INTERVIEWER TO PROBE FOR EACH MARKET AREA**
  - IF DOMESTIC: Do you claim any business expense back from this?
- Have you ever experienced problems with your provision or contract? **INTERVIEWER TO PROBE FOR EACH MARKET AREA**
  - IF YES: How did you go about resolving this?
  - IF NO: To what extent are you happy you would know what to do if you did experience difficulties? Why is this?

- Have you ever considered changing your contract/provider? Why was this?  
**INTERVIEWER TO PROBE FOR EACH MARKET AREA**
- IF NOT SPECIFICALLY ADDRESSED PREVIOUSLY: To what extent do you think factors specific to your business's context affect how you have chosen to engage with this market? **INTERVIEWER TO PROBE FOR EACH MARKET AREA**
  - Structure.
  - Location.
  - Activity of their business.
- What risks or challenges would it pose to your business if you were not able to engage in this market or if it was not responsive to your requirements? Why is this? **INTERVIEWER TO PROBE FOR EACH MARKET AREA**

## Specific decision making and usage – water products

### Scotland

- What type of contract do you have for your water provision? For example a domestic or a business contract?
  - IF DOMESTIC: Do you claim any business expense back from this?
- IF THEY HAVE A NON-DOMESTIC CONTRACT: To what extent were you aware when arranging a water supplier that there were choices of provider available in addition to Business Stream, which delivers non-domestic water and sewage services in Scotland?
- IF AWARE OF CHOICES: How did you become aware of these providers?
- IF AWARE OF CHOICES: How did you find out more about the different options available to you when choosing your provider?
  - What types of information did you access?
  - How, if at all, were these helpful to you?
- IF AWARE OF CHOICES: Did you approach any of these other providers? Why did you choose to do this? What benefits did you get from this?
- IF AWARE OF CHOICES BUT DID NOT APPROACH OTHER PROVIDERS: Why did you choose not to approach providers other than Business Stream?
- IF AWARE OF CHOICES: Can you talk me through your decision-making process for selecting a supplier? What factors were important to you? Which of these were the most or conversely the least important to you and why? For example price, reliability, customer service.
- IF AWARE OF CHOICES: Did you experience any barriers or challenges when trying to engage with the relevant providers? What were these and how, if at all, were they overcome?
- IF AWARE OF CHOICES: At what point did you decide you had enough information to make your decision? Why was this?

## How small businesses engage with essential markets

- IF AWARE OF CHOICES: To what extent were you confident you had sufficient knowledge of what was available in this market to be able to make your decision? What do you think the impact of this was on your eventual decision?
- IF AWARE OF CHOICES: Have you ever experienced problems with your provision or contract?
  - IF YES: How did you go about resolving this?
  - IF NO: To what extent are you happy you would know what to do if you did experience difficulties? Why is this?
- IF AWARE OF CHOICES: Have you ever considered changing your contract/provider? Why was this?
- IF AWARE OF CHOICES AND IF NOT SPECIFICALLY ADDRESSED PREVIOUSLY: To what extent do you think factors specific to your business's context affects how you have chosen to engage with this market?
  - Structure.
  - Location.
  - Activity of their business.
- IF AWARE OF CHOICES: What risks or challenges would it pose to your business if you were not able to engage in this market or if it was not responsive to your requirements? Why is this?

### **England, Wales and Scotland domestic contracts**

- How did you find out about the different options that were available to you for choosing a contract for these services?
  - What types of information did you access?
  - How, if at all, were these helpful to you?
  - Did you use any price comparisons and what was your experience of this?
- Can you talk me through your decision-making process for selecting a contract? What factors were important to you? Which of these were the most or conversely the least important to you and why? For example price, reliability, customer service.
- Did you experience any barriers or challenges when trying to engage with the relevant provider? What were these and how, if at all, were they overcome?
- At what point did you decide you had enough information to make your decision? Why was this?
- IF ENGLAND AND WALES: What type of contract did you choose, for example a domestic or a business contract?
  - IF DOMESTIC: Do you claim any business expense back from this?
- Have you ever experienced problems with your provision or contract?
  - IF YES: How did you go about resolving this?

- IF NO: To what extent are you happy you would know what to do if you did experience difficulties? Why is this?
- Have you ever considered changing your contract? Why was this?
- IF NOT SPECIFICALLY ADDRESSED PREVIOUSLY: To what extent do you think factors specific to your business's context affect how you have chosen to engage with this market?
  - Structure.
  - Location.
  - Activity of their business.
- What risks or challenges would it pose to your business if you were not able to engage in this market or if it was not responsive to your requirements? Why is this?

### Overall engagement with markets

- To what extent overall are you satisfied with the choices you have in the key markets discussed today? Why is this?
- What are your preferences when engaging with these markets – what represents 'best value' or 'best service' to you?
- Are there particular markets that you have found work particularly well or not so well? Why is this?
- How if at all do you think these markets might improve in the future?

### Wrap-up

- Moderator to check for any final closing comments.
- Repeat assurances regarding confidentiality.
- Arrangements for incentives discussed where necessary.
- Thank and close.



## Appendix 3: Analysis of qualitative data

A grounded theory approach to analysis was undertaken whereby all themes and findings reported against the key areas of interest will have emerged ‘organically’ through the in-depth interviews themselves rather than through hypothesis testing – thus making the overall findings more robust and grounded in the experiences and views of respondents.

To achieve this, once the interviews were completed and transcribed they were analysed using a thematic framework analysis approach. This approach comprised an analysis grid (in Microsoft Excel), which enabled the classification and interpretation of qualitative data.

First, the key themes and topics arising from the interviews were identified through the topic guide and an initial review of a selection of transcripts. Each of the key themes and topics were then translated to a column heading in an Excel grid, with each row within the grid representing an individual case (that is, an individual business). Researchers analysed each transcript individually, by extracting relevant data from the interview and summarising it into the appropriate cell within the grid. Verbatim quotations were included alongside the summaries where possible.

Once all of the feedback had been received, researchers reviewed and analysed the information within the final grid: a series of thematic tables of qualitative data representing all of the respondents who had participated in the qualitative research. Researchers read horizontally across the grid to obtain a full understanding of each individual business’s views and experiences, and read vertically down the grid to gain an understanding of the commonality of particular views in relation to each of the themes, as well as any differences between the business types. Using this approach, where particular themes and commonalities emerged among respondents, these were included in the report. The views of individual respondents are only included where they have had a very different experience to others to highlight specific instances where things have gone well or not well.

## Appendix 4: Statement of Terms

### **Compliance with International Standards**

BMG complies with the International Standard for Quality Management Systems requirements (ISO 9001:2008) and the International Standard for Market, opinion and social research service requirements (ISO 20252:2012) and the International Standard for Information Security Management ISO 27001:2005.

### **Interpretation and publication of results**

The interpretation of the results as reported in this document pertain to the research problem and are supported by the empirical findings of this research project and, where applicable, by other data. These interpretations and recommendations are based on empirical findings and are distinguishable from personal views and opinions.

BMG will not publish any part of these results without the written and informed consent of the client.

### **Ethical practice**

BMG promotes ethical practice in research: We conduct our work responsibly and in light of the legal and moral codes of society.

We have a responsibility to maintain high scientific standards in the methods employed in the collection and dissemination of data, in the impartial assessment and dissemination of findings, and in the maintenance of standards commensurate with professional integrity.

We recognise we have a duty of care to all those undertaking and participating in research and strive to protect subjects from undue harm arising as a consequence of their participation in research. This requires that subjects' participation should be as fully informed, as possible and no group should be disadvantaged by routinely being excluded from consideration. All adequate steps shall be taken by both agency and client to ensure that the identity of each respondent participating in the research is protected.

With more than 25 years' experience, BMG Research has established a strong reputation for delivering high-quality research and consultancy.

BMG serves both the public and the private sector, providing market and customer insight which is vital in the development of plans, the support of campaigns and the evaluation of performance.

Innovation and development is very much at the heart of our business, and considerable attention is paid to the utilisation of the most up-to-date technologies and information systems to ensure that market and customer intelligence is widely shared.

